



Mr Moneybags, the capitalist

Capital

Chapter 4 of Karl Marx's Capital Volume 1, called "The General Formula for Capital", is one of the short chapters in the book. It is immediately followed by "The Contradictions in the General Formula of Capital" which is Chapter 5, also short; so here they are given together (see the link for download, below).

Chapter 4 introduces the distinction between selling an unwanted commodity to get money to buy another commodity for use (**C-M-C**); or otherwise purchasing a commodity for re-sale with the intention of getting back the money, plus a surplus (**M-C-M'**).

This distinction is made as a preparation for the definition of Surplus-Value that is coming. "Capital" is not a hasty book. It is well

paced so as to be friendly to any kind of reader, including worker readers.

In spite of its name, Chapter 4 is not a general definition of capital. This “general formula” is only an outline of “capital as it appears *prima facie* within the sphere of circulation”. The chapter does not explain how a surplus is obtained, or where it comes from. That explanation is reserved for later.

Chapter 5 of Capital Volume 1 finds Karl Marx at his most relaxed. He knows very well that **C-M-C** and **M-C-M** are formally no more than portions of, or extracts from, a series with no end and no beginning, as: ...MCMCMCMCMCMCMCMCMCMCMC.... He flaunts the absurdity of the distinction, asking: *“How can this purely formal distinction between these processes change their character as it were by magic?”*

He proceeds to state directly that: *“The inversion... of the order of succession does not take us outside the sphere of the simple circulation of commodities, and we must rather look, whether there is in this simple circulation anything permitting an expansion of the value that enters into circulation, and, consequently, a creation of surplus-value.”*

But now we begin to see what Marx is getting at. He is trying to find out how, in the process of exchange, a real increase can be found. He already has the answer but he is content here to have the groundwork of his argument tested against the ideas of others, such as ***Monsieur Condillac*** and ***Colonel Torrens***, as well as “***Vulgar-Economy***”, and so by degrees to refute “*the delusion that surplus-value has its origin in a nominal rise of prices or in the privilege which the seller has of selling too dear.*”

Marx shows that: *"It is... impossible for capital to be produced by*

circulation, and it is equally impossible for it to originate apart from circulation. It must have its origin both in circulation and yet not in circulation.”

Marx finishes the chapter like this: *“Our friend, **Moneybags**, who as yet is only an embryo capitalist, must buy his commodities at their value, must sell them at their value, and yet at the end of the process must withdraw more value from circulation than he threw into it at starting... These are the conditions of the problem. **Hic Rhodus, hic salta!**”*

This is Marx’s way of saying “Here we go,” or “This is it!”

The problem is set. The solution is going to follow soon enough.

- The above is to introduce the original reading-text: [Capital V1, Chapters 4 and 5, General Formula for Capital](#).
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